



Where ideas connect

Department of Environmental Quality
Division of Drinking Water

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Drinking Water Board

Dale F. Pierson
Chairman
Anne Erickson, Ed.D.
Vice-Chairman
Myron Bateman
Jay W. Franson, P.E.
Laurie McNeill, Ph.D.
Nancy Melich
Dianne R. Nielson, Ph.D.
Charlie Roberts
Petra Rust
Ronald Thompson
Chris Webb

MINUTES OF THE JUNE 13, 2003 DRINKING WATER BOARD MEETING HELD IN
MOAB, UTAH

Board Members Present

Dale Pierson, Vice Chairman
Myron Bateman
Anne Erickson, Ed.D.
Jay Franson
Laurie McNeill, Ph.D.
Charlie Roberts
Petra Rust
Chris Webb

Board Members Excused

Nancy Melich
Dianne Nielson, Ph.D.
Ron Thompson

Staff Present

Kevin Brown
Michael Georgeson
Ken Wilde
Rich Peterson
Linda Matulich

Guests

Dave Ariotti, DEQ
Gay Copsey, Beaver Dam HA
David Temple, Beaver Dam HA
Phillip Palmer, Price River WID
Scott Butler, Mantua Town
Tom Austin, Sunrise Engineering
Don Hartle, Wellsville City
Marc Edminster, Lewis Young
John Chartier, Sunrise Engineering
Russ Donoghue, Rural Water Association
Judy Bane, Grand County
Bruce Chesnut, Orem City

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Moab, Utah with Vice Chairman Pierson presiding. The meeting was called to order at 1:00 p.m.

Vice Chairman Pierson welcomed Petra Rust to the Board. Ron Thompson is also a new member of the Board and will be at the next Board meeting.

ITEM 2 – ROLL CALL

Vice Chairman Pierson asked Kevin Brown to call roll of the Board members. The roll call showed there were 8 members present at the time.

ITEM 3 – INTRODUCTIONS

Vice Chairman Pierson welcomed the guests and asked them to introduce themselves.

ITEM 4 – APPROVAL OF MINUTES

Vice Chairman Pierson stated a motion to approve the April 11, 2003 minutes was in order.

Jay Franson mentioned towards the end of page 2 it states that he joined the meeting late. It should show Charlie Roberts instead of Jay Franson.

Charlie Roberts moved the Board approve the April 11, 2003 minutes with the minor changed stated above by Jay Franson.

Chris Webb seconded.

**CARRIED
(Unanimous)**

ITEM 5 – STATE SRF/REVOLVING LOAN FUND (SRF)/CONSERVATION COMMITTEE

1) SRF/Conservation Report

Anne Erickson Chaired the SRF/Conservation portion of the agenda.

2) Status Report

Michael Georgeson reported the Board has available \$1,947,000 in the security account minus the submittals, \$924,000 in the secondary account, \$389,000 in the hardship grants account, for a total of \$3,255,000 in the state funds.

Mike mentioned the Board has available \$8,017,000 in the federal account, of which \$650,000 is in the hardship grant assessment fund and \$1,431,000 in principal repayments.

Mike mentioned since the last Board meeting staff has closed the Herriman loan and the Interlaken Estates loan. In the status report section of the packet is the FY 2003 Sales Tax Summary. Staff received the report from the Tax Commission and summarized the information on the first page. At this time, there is a net loss of \$36,000 due to the reduction in sales tax, which was allowed by the Legislature during one of their special sessions.

Mike mentioned staff received the annual audit report of the SRF program from EPA this last week. Mike updated the Board on the report.

Discussion followed.

Anne Erickson stated a motion would be in order to approve the status report.

Jay Franson moved to approve the status report.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

3) State SRF Applications

a) Mantua

Rich Peterson reported Mantua asked for some financial assistance from the Board at the January 17, 2003 Board meeting to do a water study. The Board decided they wanted more detailed information to be included in their request. Mantua is requesting \$25,000 to complete a study research and analyze their water rights.

Scott Butler, Mantua representative, addressed the Board.

Discussion followed.

Myron Bateman moved the Board authorize a \$25,000 planning loan at 0% to be repaid over a five-year term.

Dale Pierson seconded.

**CARRIED
(Unanimous)**

b) Beaver Dam Village

Mike Georgeson reported Beaver Dam Village is a series of four subdivisions located around Panguitch Lake. The residents of Beaver Dam Village have taken the opportunity to get together and jointly create improvements of their drinking water systems. The residents have taken the initiative to get the subdivisions together and create a district to allow them to provide fire protection, but also to better govern the drinking water systems. They have identified their needs as the contractor mentioned to them to be able to accomplish the tasks. Beaver Dam Village is asking for a loan of \$249,000 at 3.03% to be repaid over a 20-year term for the needed improvements.

The 3.03% interest rate was based on using Garfield County's MAGI, but after discussion, the Board disallowed the points for the MAGI which resulted in a 3.46% interest rate and the term was set at 15 years.

Gay Copsey and David Temple, Beaver Dam Village representatives, addressed the Board.

Discussion followed.

Jay Franson moved the Board authorize a loan of \$249,000 at 3.46% for 15 years.

Petra Rust seconded.

**CARRIED
(Unanimous)**

c) Wellsville

Rich Peterson reported Wellsville has a project that will cost \$1,000,000. Wellsville will be contributing \$500,000 toward the project, of which \$250,000 has already been spent to drill a new well and replace some water lines.

Don Hartle, Wellsville City, and Marc Edminster, Lewis Young, Wellsville representatives addressed the Board.

Discussion followed.

Dale Pierson moved the Board authorize a \$500,000 loan at 2.45% to be repaid over a 20-year term.

Chris Webb seconded.

**CARRIED
(Unanimous)**

d) Substitute Pledged Bonds

Mike Georgeson reported the Substitute Pledged Bonds were covered in a previous Board meeting with Woods Cross. Staff received notice from Lehi that they will redeem their Series 1989B Bonds and have paid the \$526,871.01 that was due on their loan. Staff needs to maintain 111% times the annual payment of the coverage for the refunding bond payments that will pay for the Boards refunding bond in 1995. Staff has fallen slightly below that figure. Staff is requesting the Board designate Mantua's Series 1999A or B Bond as a substitute pledged bond.

Discussion followed.

Chris Webb moved the Board authorize staff to designate Mantua's Series 1999A or B bond as a substitute pledged bond to provide the pledged bond account with about \$1,250,000 annually, to maintain the 111% of the required Refunding Bond payments.

Myron seconded.

**CARRIED
(Unanimous)**

4) Federal SRF Applications

a) Orem

Ken Wilde reported Orem has a \$7,500,000 project. Orem City is looking at constructing a 10-15 million gallon water storage reservoir and some water lines. The SRF Conservation Committee recommendation is that the Board authorize a loan for \$3,000,000 at 2.7% for 20 years with no principal forgiveness with a condition that the city enter into an agreement by the end of 2003 to qualify for regionalization, or by the end of August 2003 Orem elects a loan period of less than 20 years, they could then qualify for a lower interest rate. Orem City has been talking with Central Utah Water Conservancy District about their project and the possibility of building a dual tank together.

Bruce Chesnut, Orem representative, addressed the Board.

Discussion followed.

Myron Bateman moved the Board authorize a \$3,000,000 loan at 2.7% for 20 years with no principal forgiveness, with the conditions that if the city enters into any agreements by the end of 2003 to qualify for regionalization, or if by the end of August 2003, they elect a loan period less than 20 years, they could qualify for a lower interest rate of 1.48%.

Discussion on motion.

Chris Webb seconded.

**CARRIED
(Unanimous)**

b) Price River Water Improvement District Revisions

Ken Wilde reported Price River Water Improvement District has come back to the Board with a request for reconsideration of the terms of their loan. Price River Water Improvement District has provided additional detailed information about water use by residents of the five water companies. Staff was able to make a more accurate review of the situation. Ken reviewed the additional information.

Phillip Palmer, Price River Water Improvement District representative, addressed the Board.

Discussion followed.

Myron Bateman, reaffirmed the original motion, and moved the Board authorize \$904,000 to Price River Water Improvement District at 1.27% for 20 years with Principal Forgiveness of \$181,000, which is 20%.

Discussion on motion.

Laurie McNeill seconded.

**CARRIED
(Unanimous)**

c) Project Priority Revisions

Ken Wilde reported Logan City has been added to the Project Priority List.

Dale Pierson moved the Board approve the updated Project Priority List.

Charlie Roberts seconded.

**CARRIED
(Unanimous)**

ITEM 6 – CHAIRPERSON AND VICE CHAIRPERSON ELECTIONS

Vice Chairman Pierson opened elections for Chairman and Vice Chairman.

CHAIRMAN:

Myron Bateman moved the Board appoint Dale Pierson as Chairman.

Chris Webb seconded.

**CARRIED
(Unanimous)**

VICE CHAIRMAN:

Jay Franson moved the Board appoint Anne Erickson as Vice Chairman.

Laurie McNeill seconded.

CARRIED
(Unanimous)

Dale Pierson resigned his position on the SRF Conservation Committee and asked for a replacement to fill his position.

Discussion followed.

Myron Bateman moved the Board appoint Laurie McNeill to the SRF Conservation Committee replacing Dale Pierson.

Charlie Roberts seconded.

CARRIED
(Unanimous)

Myron Bateman stepped out.

ITEM 7 – AUTHORIZE AN EFFECTIVE DATE FOR RULE R309-700 REVISIONS

Mike Georgeson reported R309-700 is the rule that governs the state SRF program and the revisions the Board authorized at the April Board meeting were to change the provisions for a planning advance, planning grants, planning loans, and some housekeeping items relative to Rule R309-700.

The amendments were filed with Administrative Rules and underwent the required public notice in the Utah State Bulletin. Staff didn't receive any comments. It is now necessary for the Board to set an effective date for the rules. Staff suggested July 1, 2003 as the effective date and to authorize staff to proceed with the necessary filing.

With the adoption of this rule, it will allow staff to go back and review the planning advances given through today and make a decision as to whether the Board would consider them under the provisions that the rule applies, and that the Board could forgive those loans that were made. Staff will have a list of the loans for the Board to consider and to take action on those loans at the August Board meeting.

Discussion followed.

Chris Webb moved the Board set an effective date of July 1, 2003 for the amendments to Rule 309-700 and authorize staff to proceed with the necessary filing.

Anne Erickson seconded.

CARRIED
(Unanimous)

ITEM 8 – ADOPT AS AN EMERGENCY RULE, REVISIONS TO R309-535-5(2)M
PROHIBITING USE OF LEAD WEIGHTS IN FLUOROSIDE CHEMICAL
SOLUTION TANKS AND AUTHORIZE ROUTINE RULEMAKING FOR
THE SAME REVISIONS

Mike Georgeson reported staff became aware through the plan review process that specifying lead weights to be used in hydrofluosillicic acid solutions in order to maintain the intake lines of the feed pump at the lowest level possible is being pursued. Staff was concerned because hydrofluosillicic acid is very corrosive and although it may be somewhat small in lead concentrations, it would get into the drinking water. There should be some strong worded provisions in the rule to prevent these types of incidents from occurring in the future.

Staff is asking the Board to authorize staff to file a 120-day emergency rule effective immediately, stating that lead weights shall not be used in fluoride chemical solutions.

The guidance statement does not require approval for what staff is asking for. Staff is asking the Board to authorize staff to initiate regular rulemaking procedures for a permanent change. The 120-day emergency rule that staff will file with the Division of Administrative Rules will become effective immediately, but it will expire in 120-days. The 120-days will allow the Board to go through the regular rulemaking process without a permanent change. Staff is asking for a second motion authorizing staff to initiate rulemaking procedure for the permanent change.

Myron Bateman stepped back in.

Discussion followed.

Charlie Roberts moved the Board authorize staff to file the 120-day emergency rule to be effective immediately with the guidance that the lead weights not be used in fluoridation and for guidance to be placed in the same rule as guidance not as a rule; and authorize staff to initiate rulemaking procedures for a permanent change to the rule.

Discussion on motion.

Anne Erickson seconded.

**CARRIED
(Unanimous)**

ITEM 9 – ADOPT AS AN EMERGENCY RULE, REVISIONS TO R309-545-6 (1)
REQUIRING NEW MATERIALS AND AUTHORIZE ROUTINE RULEMAKING
FOR THE SAME RULES

Mike Georgeson reported staff has had some construction projects in the past that have used some reclaimed steel storage tanks that have been recoated/reconditioned for reuse. Staff has one construction project right now and others proposed projects that will fall under the emergency rule. Because of questions raised recently, if staff has a rule prohibiting used equipment under the exception criteria; staff can give the proposals a more in-depth review and still allow their use. Staff would not take away from any economic benefit, but the system would now require the use of new materials for construction of steel tanks.

Discussion followed.

Myron Bateman moved the Board authorize the 120-emergency rule effective immediately and for staff to come up with standards for a permanent rule and to proceed with permanent rulemaking.

Jay Franson seconded.

**CARRIED
(Unanimous)**

ITEM 10 – AUTHORIZE CONTINUATION OF RULE 309-352

Mike Georgeson reported the legislature enacted a law that every rule will sunset after five years regardless whether or not it has been amended or changed during that period. There has to be an action by the adopting body to review the rule and to say the rule must continue. The capacity development rule is required under the federal drinking water program. Staff is requesting the Board authorize changes in the renumbering to correspond with the new numbering system set up with the other rules and any other changes that may be needed.

Discussion followed.

Anne Erickson moved the Board authorize staff to proceed with the necessary filing to continue the rule, the renumbering of the rule and any other changes that may be needed.

Chris Webb seconded.

**CARRIED
(Unanimous)**

**ITEM 11 – AUTHORIZE TO FINAL R309-405 COMPLIANCE AND ENFORCEMENT:
ADMINISTRATIVE PENALTY**

Kevin Brown reported the Board authorized, at the December Board meeting, to move forward with the rulemaking changes that staff needs to implement this rule as suggested by the Attorney General's office. Public hearings were held. Staff received some significant comments, which staff felt needed to come back to the Board in order to incorporate the changes and to go through another round of public comments. Staff only received one comment from the last public comment period. Staff is requesting two motions from the Board today.

Jay Franson moved the Board authorize staff to proceed with filing the effective notice in order to finalize rule amendments to R309-405 and to make it effective June 18, 2003.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

Charlie Roberts moved the Board authorize staff to file the appropriate forms with the Division of Administrative Rules to adopt the non-substantive changes.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

ITEM 12 – CHAIRMAN'S REPORT

a) Welcome New Board Members: Ronald Thompson and Petra Rust

Vice Chairman Pierson welcomed the new Board members.

Vice Chairman Pierson mentioned he would e-mail the information from staff's annual planning retreat to the new Board members.

Petra Rust gave the Board some background information on herself.

Vice Chairman Pierson thanked everyone for coming to Moab.

ITEM 13 – DIRECTORS REPORT

a) Auditor's Report of Federal Loan Program

Kevin Brown reported Mike gave a report on the Auditor's report on the federal program. There were no material weaknesses found. Kevin e-mailed items 13b through 13d about a week and a half ago.

b) Division Annual Goals

Kevin Brown brought the Board up-to-date on the annual goals for the coming year.

c) Division Core Activities

Kevin Brown brought the Board up-to-date on the Core Activities.

d) Legislative Issues for 2004 Session

Kevin Brown reported the 1/16% sales tax issue is expected to be back before the legislature again this next year.

ITEM 14 – NEWS ARTICLES

The news articles are in the packet.

ITEM 15 – LETTERS

The letters are in the packet.

ITEM 16 – UPDATE

The update is in the packet.

ITEM 17 – NEXT BOARD MEETING

The next Board meeting will be held on August 8, 2003 in Logan, Utah.

ITEM 18 – OTHER

No other business.

ITEM 19 – ADJOURN

Vice Chairman Pierson stated a motion to adjourn the Board meeting would be in order.

Charlie Roberts moved to adjourn the Board meeting at 3:15 p.m.

Chris Webb seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary